

## PUBLIC SERVICE COMMISSION OF WISCONSIN

Minutes and Informal Instructions of the Open Meeting of  
Thursday, June 15, 2017

The Public Service Commission of Wisconsin (Commission) met as noticed. Present were Chairperson Nowak, Commissioner Huebsch and Commissioner Roberts.

**Minutes**

The Commission approved the minutes of the open meeting of Thursday, June 8, 2017.

**5-BS-221 – Joint Application of Dahlberg Light and Power Company and Bayfield Electric Cooperative for Approval of a Territorial Agreement dated May 4, 2017, Pursuant to Wis. Admin. Code § PSC 112.08(2)**

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**6260-EA-100 – Application of the Village of Waunakee, an Electric Public Utility, for Authority to Abandon and Remove the Existing Alloy Substation and Associated 69 kV Overhead Electric Line, Located in the Village of Waunakee, Dane County, Wisconsin**

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**3720-CW-129 – Application of the City of Milwaukee, as a Water Public Utility, for Authority to Construct a Replacement Roof on the Meter Shop in the City of Milwaukee, Milwaukee County, Wisconsin**

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**4910-WR-100 – Application of the Village of Radisson, Sawyer County, Wisconsin, as a Water Public Utility, for Authority to Adjust Water Rates**

The Commission approved the Notice of Proceeding and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**5670-WR-103 – Application of the City of Stanley, Chippewa County, Wisconsin, as a Water Public Utility, for Authority to Adjust Water Rates**

The Commission began discussion of some of the issues relating to the application filed on behalf of the City of Stanley, as a water public utility, for authority to adjust water rates.

The Commission then determined that additional information was needed from Commission staff and the matter was laid over to the next open meeting.

**5-DR-112 – Application of Wisconsin Electric Power Company, Wisconsin Gas LLC, and Wisconsin Public Service Corporation for Declaratory Ruling and Approval Regarding Long-Term Natural Gas Storage and Transportation Arrangements**

The Commission discussed the application filed on behalf of Wisconsin Electric Power Company, Wisconsin Gas LLC and Wisconsin Public Service Corporation (applicants) for a declaratory ruling regarding the reasonableness and prudence of the applicants entering into long-term natural gas storage and transportation arrangements, and made preliminary determinations, including the following:

1. It is reasonable, prudent, and in the public interest for the applicants to enter into long-term natural gas storage service agreements and related interstate natural gas transportation contracts in connection with the Bluewater facility, subject to the following conditions:
  - a. The declaratory rulings are strictly based on the set of facts established in this proceeding, are only valid to the extent that the set of facts remains in place, and are void to the extent that the set of facts changes.
  - b. The applicants shall include provisions in the storage service agreements stating that the applicants have entered into them with their affiliate Bluewater Natural Gas Storage, LLC (BGS), or Bluewater Natural Gas Holding, LLC (BGH), voluntarily.
  - c. The applicants are prohibited from asserting that the Commission is preempted from assessing the reasonableness and prudence of the applicants' decision to enter the service storage agreements with BGS or BGH or related matters in the future.
  - d. The applicants are required to file with the Commission the storage service agreements with their affiliate BGS or BGH and obtain approval from the Commission under Wis. Stat. § 196.52.
  - e. The applicants shall amend the gas storage contracts to shorten the term to 30 years. The recovery of the Bluewater investment shall continue to be based on a 60-year depreciable life.
  - f. The applicants shall amend the gas storage agreements to provide their approval of an annual Bluewater operating and maintenance cost budget, which shall be

reflected in each of the applicants' annual gas supply plans filed with the Commission.

- g. The applicants shall submit capital expenditures for the Bluewater facility that exceed \$2.5 million to the Commission for approval, and shall amend their gas storage agreements to provide that upon their approval of a significant capital expenditure exceeding \$2.5 million, the applicants' obligation to compensate BGS for the expenditure will be limited to BGS's actual expenditure or the approved amount plus 10 percent, whichever is less.
  - h. The applicants shall periodically submit information that will allow Commission staff to verify that the proposed transaction is in fact creating customer savings.
- 2. It is reasonable, prudent and in the public interest for the applicants to recover their costs incurred under the gas storage agreements, subject to the above conditions, under their purchased gas adjustment clauses until their next base rate case, which at that time will be placed in base rates.
  - 3. It is reasonable for the applicants to recover the proposed transaction's costs only from sales customers now, but the Commission retains the authority to require the applicants to recover costs from transportation customers in the future.

Commissioner Roberts dissented.

The Commission directed the Division of Energy Regulation to draft an order in this docket consistent with its discussion and that the order be returned to the Commission for its final review and approval.

**5-AU-112 – Application for Approval of an Affiliated Interest Agreement Between Wisconsin Electric Power Company, Wisconsin Gas LLC, Wisconsin Public Service Corporation, Wisconsin Business Services LLC, and WEC Energy Group, Inc.**

The Commission approved the proposed modification to the Affiliated Interest Agreement between Wisconsin Electric Power Company, Wisconsin Gas LLC, Wisconsin Public Service Corporation, Wisconsin Business Services LLC, and WEC Energy Group, Inc.

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The Commission directed the Division of Energy Regulation to draft an order in this docket consistent with its discussion.

The Commission adjourned the meeting at 1:05 p.m.

A handwritten signature in black ink, reading "Sandra J. Paske". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Sandra J. Paske  
Secretary to the Commission

DL:01549402